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Corp report

INDAL Canada LIMITED

ANNUAL REPORT 1971



COVER PHOTO

Aluminum extrusions on the run-out tables at the new Calgary plant of Indalex Limited.



This sound-insulated operable wall was fabricated by RAM Partitions Limited, Brampton, Ont., for the Skyline Hotel, Toronto. Measuring 80 feet by 20 feet, it is installed in the hotel's spacious new ballroom. Webb, Zerafa, Menkes were the architects for the project.



Directors

DERMOT G. COUGHLAN	Executive Vice-President, Indal Canada Limited, Toronto
DENNIS FREDJOHN	Managing Director, RTZ Pillar Limited, London, England
ROBERT H. JONES	President, Investors Group, Winnipeg
ROBERT B. LEESON	President, Indal Western Ltd., Vancouver
J. ROSS LeMESURIER	Vice-President, Wood Gundy Limited, Toronto
DONALD J. McDONALD	Company Director
GEORGE H. MONTAGUE	Financial Consultant
JAMES A. PATERSON	Executive Chairman, RTZ Pillar Limited, London, England
HARRY M. RICH	President, Fashion Grilles Limited, Toronto
WALTER E. STRACEY	President, Indal Canada Limited, Toronto
WILLIAM R. TUER, Q.C.	Partner, Borden, Elliot, Kelley and Palmer, Toronto

Officers

DENNIS FREDJOHN	Chairman
WALTER E. STRACEY	President
DERMOT G. COUGHLAN	Executive Vice-President
W. LYLE MUIR	Secretary and Assistant Treasurer
PETER G. SELLEY, C.A.	Treasurer and Controller

Head Office

52 Arrow Road, Weston, Ontario

Auditors

COOPERS & LYBRAND	Chartered Accountants
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Transfer Agents and Registrars

Preferred shares	Canada Permanent Trust Company, Toronto
Common shares	The Royal Trust Company, Toronto, Montreal, Winnipeg and Vancouver

REPORT TO THE SHAREHOLDERS

For the year ended December 31, 1971

Our last Annual Report stated that the slowdown in the Canadian economy during 1970 had an adverse effect on your company's results but we remained confident that we were extremely well poised to exploit in full the improved economic conditions being forecast at that time.

We are pleased to report that following the improvement in the economy and particularly in the two principal markets of construction and retail trade served by Indal Group Companies, net earnings increased to \$1,163,444 (\$1.12 per common share) for the twelve months ended December 31, 1971 compared to \$473,014 (\$0.37 per common share) for the fourteen months ended December 31, 1970. Group sales to third parties for the year amounted to \$38,131,730 compared to \$31,065,404 for the previous fourteen months. These results are most encouraging and are a continuation of the growth pattern established by your company in the years prior to 1970.

While a reasonable economic climate is required for your Group to produce satisfactory results, the major program of up-dating of plant and machinery, rationalization of certain subsidiary operations and the product line expansion that has taken place in recent years, are other important factors that have enabled us to achieve these record earnings. Although changes and improvements in your Group will always be made in order to maintain growth, the major program to which we have referred has now been completed and we have sufficient plant capacity to handle considerable additional growth in demand for our products.

Corporate Changes

During January, your company purchased the remaining 20% minority interest in Commercial Aluminum Products Limited, and in April, a further 5% interest in RAM Partitions Limited. Also during April, your company acquired 60% of the shares of McKnight Window Industries Limited, a Toronto based company manufacturing wooden and vinyl windows.

In June, your company acquired a 70% interest in Brampton Aluminum Products Limited, a company manufacturing aluminum patio doors and also purchased a further 40% shareholding in Custom Roll-forming Company Limited.

In December, the remaining minority interest of 22% in Eastland Metals Ltd. was purchased.

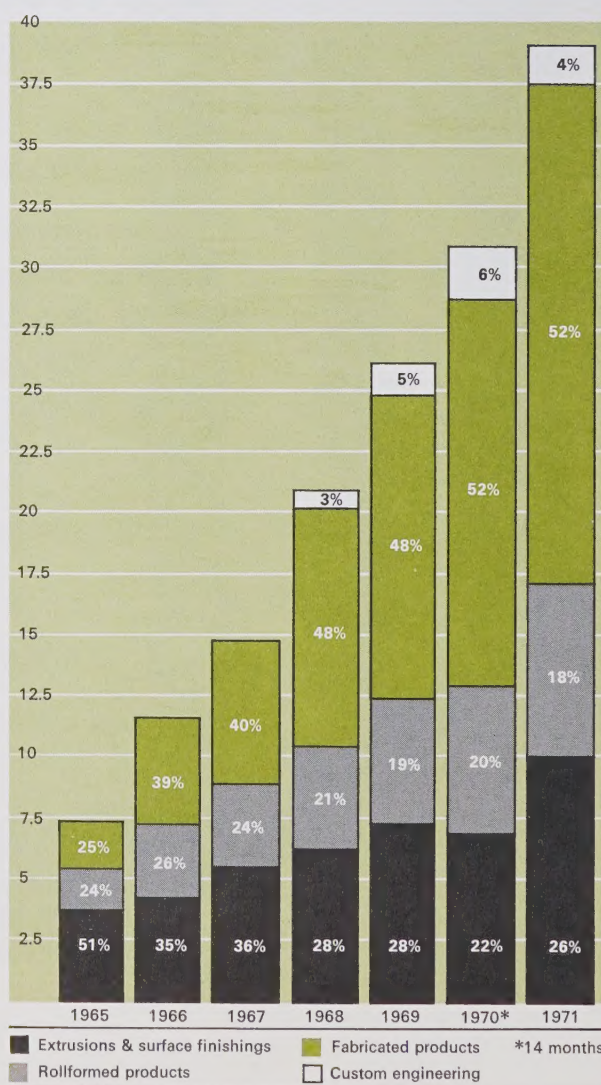
During the year, the name of Indalprime Division was

changed to Alumiprime Division and at the end of the year, a new company, Wesdale Industries Limited which is 87½% owned by your Group, was formed to manufacture and market automatic door closers.

Subsequent to the year end, the Hialco Mfg. Division of Indal Western Ltd. in British Columbia was sold to Western Aluminum Products, an aluminum fabricating partnership 50% owned by each of Indal Canada Limited and Inter-Provincial Diversified Holdings Limited. The purpose of this sale is to rationalize the production and marketing of aluminum doors, windows, and related products of your Group in Western Canada.

Sales Analysis

Millions of dollars





Front entrance of the new Calgary plant of Indalex Limited which began production in September, 1971.

OPERATING REPORT

Aluminum Extrusions and Surface Finishing

The extruding and finishing operations had an excellent year of sales and profit growth with all plants operating at high capacity levels throughout most months of the year.

Although there was little or no noticeable improvement in the general level of selling prices, we were able to achieve good results because of increased volume and production efficiency. Our improved production efficiency is a direct result of the planned program of upgrading plant and machinery that has been carried on over the years. All divisions – extruding, anodizing, painting and fabricating – made profitable contributions to the total effort of this section of our business.

During the year the Calgary plant expansion mentioned in our last Annual Report, came into production on schedule. This new facility is undoubtedly the finest extrusion and finishing plant in Western Canada employing the latest techniques in automated, high-speed equipment. A third extrusion press is scheduled for

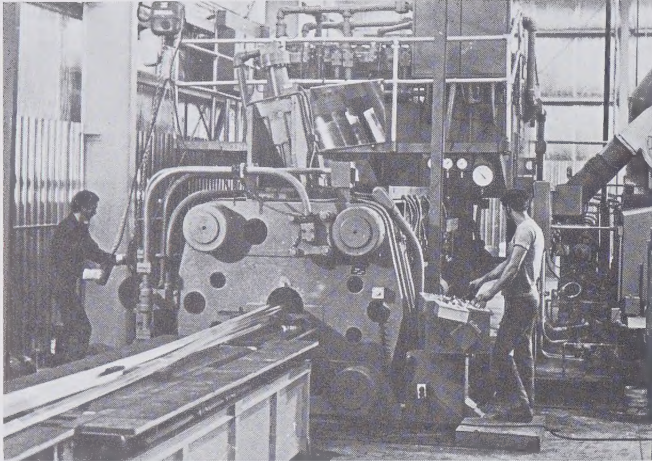
installation in our Toronto plant during the current year and it is planned to be in production by mid-year.

Doors, Windows and Ladders

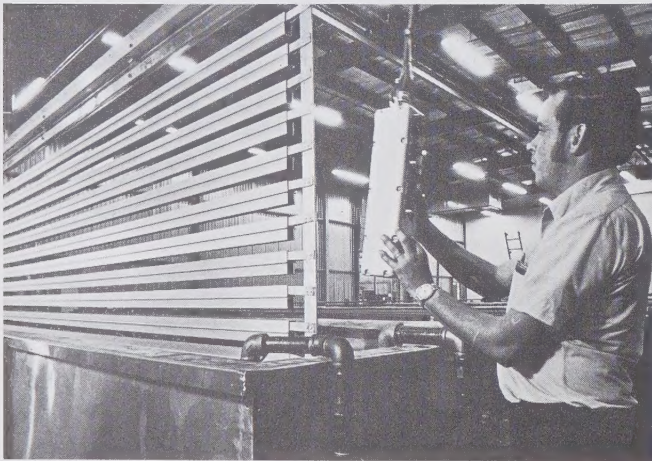
Our companies manufacturing aluminum prime windows benefited by the greatly improved rate of residential construction during the year. Although this business continued to experience considerable pressure on prices, the increased volume, together with a high degree of fabricating and installation efficiency, resulted in a very satisfactory contribution to Group earnings.

During the year it was decided that we should further broaden the base of our prime window operations into the wooden window field. It proved to be a successful and profitable decision and we contemplate increasing the scope of our activities in this area of our business.

Sales of aluminum storm doors and windows were up reflecting increased consumer spending during the year. Margins on this product line remained unsatisfactory although some improvement was evident towards the latter part of the year and we anticipate more realistic selling prices will prevail during the current year.



Fully-automated press in the new Calgary plant can extrude aluminum at a rate of 3,000 pounds an hour.



Architectural shapes ready for anodizing at the Calgary plant.

Early in the year your Group made an investment in a relatively new and small company specializing in the manufacture of aluminum patio doors. The company has made very good progress and with increased product lines we anticipate continued sales and earnings growth.

Windows, doors and sales of other components to the mobile home industry showed a very substantial increase and earnings were commensurately higher. A further expansion of our manufacturing facilities is planned during the current year in order to adequately service the growth and expanded product lines we are now supplying to this industry.

Additional tooling, which further increased efficiency and productivity, together with a high volume of sales, enabled our ladder manufacturing operations to achieve record earnings.

Commercial and Institutional Architectural Products

Commercial door and entrance manufacturing operations had another satisfactory year with increased sales and earnings.

An automatic door closing unit, on which over one year's research and engineering development has been spent, is now ready for production and will be manufactured and marketed in 1972 by a newly-formed subsidiary company.

Our operable wall and partition business, although considerably improved over the previous year, still showed disappointing and unsatisfactory results. The major problem now appears to be one of sales volume and in order to achieve increased sales we have further broadened our product range into a new patented line of office partitioning on which we have exclusive manufacturing rights in Canada from Architectural Partitions of California. Initial dealer reaction and business secured to date has been encouraging and we expect this new product line to make a contribution to current year's earnings.

Accessories and Hardware

In our last Annual Report we expressed confidence that any improvement in the construction industry and increased demand in durable goods required for the home improvement market would see this part of our company return to its former level of profitable trading. This has proved to be the case and the upturn in construction activity and durable goods spending resulted in a greatly improved contribution to Group earnings.

Rollforming

All our companies engaged in the rollforming of steel and aluminum products had a very active year. Two of our rollforming plants achieved record levels in both sales and earnings. An additional mill for Western Canada is expected to be in production by early spring. This new mill, capable of producing heavy gauge sections not currently fabricated by anyone in the West, will further increase our range of products and offer an additional service to our western customers.

Design Engineering

A great deal of time and considerable finance has been invested during the past two years in designing new products and although this part of our business did not make a profitable contribution towards Group earnings during the year, the current backlog of orders on hand is the highest in the history of our engineering company. This backlog includes contracts from the United States and other countries for a number of helicopter hangars and we anticipate a year of profitable operations.

Conclusion and Prospects

At the beginning of the new year nearly all subsidiary companies were reporting a most satisfactory backlog of orders and the level of sales and manufacturing activity has so far been high for the winter season which is, of course, the low period in your company's trading.

We are much encouraged by the outlook for the year ahead. The construction industry is forecasting at least as many starts in residential construction as in 1971 and adequate mortgage funds at reasonably stable interest rates are expected to be available. All the signs are that our economy has entered an expansionary phase. Your company has the ability and the facilities to participate fully in this growth.

Once again we welcome the opportunity to extend our appreciation and thanks to all our operating heads and their staffs without whose loyal and devoted efforts your company could not have achieved such record results.

DENNIS FREDJOHN, Chairman of the Board
WALTER E. STRACEY, President

Locations of Plants and Warehouses

■ Plant

● Warehouse



INDAL CANADA LIMITED
and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

as at December 31, 1971

ASSETS

CURRENT ASSETS

Cash	\$ 293,973	\$ 358,153
Accounts receivable – trade	8,942,837	6,326,007
Accounts receivable – parent and affiliates	3,228	507
Inventories (note 2)	5,369,778	4,338,167
Other accounts receivable and prepaid expenses	443,892	303,690

1971

1970

15,053,708

11,326,524

INVESTMENT IN PARTNERSHIP – at cost plus undistributed earnings

1,810,099

1,533,331

FIXED ASSETS (note 3)

5,510,143

4,036,459

INTANGIBLE ASSETS

Excess of cost of investment in shares of subsidiaries over book value of net assets	5,266,003	4,878,083
Deferred charges less amortization (note 4)	233,812	144,824
	<u>5,499,815</u>	<u>5,022,907</u>

Signed on behalf of the Board

D. G. COUGHLAN, Director

W. E. STRACEY, Director

\$27,873,765

\$21,919,221

LIABILITIES

CURRENT LIABILITIES

	1971	1970
Bank advances (note 5)	\$ 5,006,266	\$ 2,511,699
Accounts payable – trade	2,029,664	1,516,598
Accounts payable – parent and affiliates	2,660,304	1,619,642
Other accounts payable and accrued charges	1,305,099	755,097
Income taxes payable	419,805	435,282
Current portion of deferred liabilities (note 6)	158,026	182,737
	<u>11,579,164</u>	<u>7,021,055</u>
DEFERRED LIABILITIES less current portion (note 6)	6,472,566	6,010,744
DEFERRED GAIN ON SALE AND LEASEBACK (note 7)	132,415	138,152
DEFERRED INCOME TAXES	355,424	199,753
MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANIES	255,246	276,225
	<u>18,794,815</u>	<u>13,645,929</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 8)

Authorized –		
208,335 6% cumulative preferred shares of the par value of \$10 each, redeemable at 103%		
1,500,000 common shares of no par value		
Issued and fully paid –		
158,335 preferred shares (1970 – 166,668 shares)	1,583,350	1,666,680
955,818 common shares (1970 – 952,278 shares)	4,438,000	4,423,800
RETAINED EARNINGS	3,057,600	2,182,812
	<u>9,078,950</u>	<u>8,273,292</u>
	<u>\$27,873,765</u>	<u>\$21,919,221</u>

INDAL CANADA LIMITED
and Subsidiary Companies

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

For the year ended December 31, 1971

	12 months ended December 31, 1971	14 months ended December 31, 1970
EARNINGS		
Sales	\$38,131,730	\$31,065,404
Cost of sales	29,671,977	24,767,680
Gross profit	8,459,753	6,297,724
Expenses	6,369,163	5,754,324
Selling and distribution	2,919,322	2,380,161
Administration	2,696,295	2,597,201
Financial	753,546	776,962
Other income less expenses	2,090,590 30,759	543,400 73,038
	2,121,349	616,438
Income from partnership (note 1)	376,766	350,045
Earnings before income taxes (note 10)	2,498,115	966,483
Income taxes (note 11)	1,251,824	453,765
Earnings after income taxes and before minority shareholders' interest	1,246,291	512,718
Minority shareholders' interest	82,847	39,704
Net earnings for the period	<u>\$ 1,163,444</u>	<u>\$ 473,014</u>
RETAINED EARNINGS		
Retained earnings – beginning of period	\$ 2,182,812	\$ 2,076,168
Add: Net earnings for the period	1,163,444	473,014
	<u>3,346,256</u>	<u>2,549,182</u>
Less: Dividends paid –		
Preferred shares	97,501	128,751
Common shares	191,155	237,619
	<u>288,656</u>	<u>366,370</u>
Retained earnings – end of period	<u>\$ 3,057,600</u>	<u>\$ 2,182,812</u>
Average number of common shares outstanding	955,673	951,046
Earnings per common share (note 12)	\$ 1.12	\$ 0.37

INDAL CANADA LIMITED
and Subsidiary Companies

**CONSOLIDATED STATEMENT OF SOURCE
AND APPLICATION OF FUNDS**

For the year ended December 31, 1971

	12 months ended December 31, 1971	14 months ended December 31, 1970
SOURCES OF FUNDS		
Operations –		
Net earnings before charging minority shareholders' interest	\$ 1,246,291	\$ 512,718
Adjustment for non cash items		
Depreciation and amortization	1,222,505	1,341,800
Deferred taxes	155,671	(341,604)
Equity in undistributed earnings of partnership	(276,768)	(275,045)
	<u>2,347,699</u>	<u>1,237,869</u>
Proceeds from sale of fixed assets	19,401	1,329,328
Increase in deferred liabilities	461,822	2,991,417
Issue of shares	14,200	14,000
Total sources of funds	<u>2,843,122</u>	<u>5,572,614</u>
APPLICATIONS OF FUNDS		
Purchase of fixed assets	2,582,130	1,330,903
Acquisition of shares in subsidiaries	628,871	1,262,663
Dividends – preferred shares	97,501	128,751
– common shares	191,155	237,619
Dividends to minority shareholders in subsidiary companies	12,749	9,673
Redemption of preferred shares	71,664	66,664
Redemption of preferred shares in subsidiary	20,000	—
Deferred charges	185,726	149,580
Other	17,403	36,714
Total applications of funds	<u>3,807,199</u>	<u>3,222,567</u>
(Decrease) increase in working capital attributable to operations	(964,077)	2,350,047
Increase in working capital attributable to subsidiaries acquired during the year	<u>133,152</u>	<u>—</u>
(Decrease) increase in working capital	<u>(830,925)</u>	<u>2,350,047</u>
WORKING CAPITAL	<u>\$ 3,474,544</u>	<u>\$ 4,305,469</u>

INDAL CANADA LIMITED

and Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 1971

1. BASIS OF CONSOLIDATION

- (a) The consolidated financial statements include the accounts of all subsidiaries (companies more than 50% owned). All inter-company items and transactions between subsidiaries, including profits in inventories, have been eliminated. In addition, under the equity accounting principle, net earnings for the period include the Company's equity in the net earnings of a partnership in which the Company owns 50%.
- (b) The results include the earnings from date of acquisition of two subsidiaries acquired during the year.

2. INVENTORIES

Raw material inventories are valued at the lower of cost and replacement cost and other inventories are valued at the lower of cost and net realizable value.

	1971	1970
Raw materials	\$3,805,825	\$2,958,917
Work in progress	309,640	414,800
Finished goods	1,254,313	964,450
	<u>\$5,369,778</u>	<u>\$4,338,167</u>

3. FIXED ASSETS

	Cost	Accumulated depreciation	1971 Net	1970 Net
Land	\$ 188,675	—	\$ 188,675	\$ 153,675
Buildings	1,010,607	\$ 63,602	947,005	468,705
Equipment	5,442,592	2,406,406	3,036,186	2,410,419
Leasehold improvements	538,594	149,498	389,096	354,745
Office furniture and equipment	337,887	148,153	189,734	152,829
Motor vehicles	413,595	211,235	202,360	96,593
	<u>\$7,931,950</u>	<u>\$2,978,894</u>	<u>\$4,953,056</u>	<u>\$3,636,966</u>
Tools and dies at cost				
less amounts amortized			557,087	399,493
			<u>\$5,510,143</u>	<u>\$4,036,459</u>

Depreciation and amortization recorded in the accounts are calculated at straight-line rates based on the estimated useful lives of the respective assets.

4. DEFERRED CHARGES LESS AMORTIZATION

	1971	1970
Preproduction and other deferred charges	\$ 196,758	\$ 86,388
Financing charges	25,337	45,251
Patents and licences	11,717	13,185
	<u>\$ 233,812</u>	<u>\$ 144,824</u>

Deferred charges are being amortized over the periods considered to be benefited. Future amortization will be:

1972 —	\$ 96,551
1973 —	76,144
1974 —	33,241
1975 —	11,778
after 1976 —	16,098
	<u>\$ 233,812</u>

5. BANK ADVANCES

Bank advances are secured by the pledge of inventories and book debts in certain subsidiaries.

6. DEFERRED LIABILITIES

	1971		1970	
	Current portion	Deferred portion	Current portion	Deferred portion
7% Term loan repayable July 1, 1973 (note)	—	\$3,500,000		\$3,500,000
7% 1st mortgage payable in monthly instalments to February 1, 1989	\$ 1,800	34,971	\$ 1,812	36,803
9% 1st mortgage payable in monthly instalments to August 1, 1986	6,012	242,644	5,505	248,656
8% 1st mortgage payable in monthly instalments to December 1, 1986	20,951	555,049		
7½% 2nd mortgage payable in monthly instalments to September 23, 1971	—	—	18,900	
7% Floating charge debenture payable in semi-annual instalments of \$50,000 to June 1, 1973	100,000	50,000	100,000	150,000
Equipment financing payable in varying amounts to March 31, 1975	26,563	32,602	26,100	32,602
9½% Convertible debentures Series "A", due March 1, 1980, convertible by the holders at any time up to that date into common shares of the Company at \$15 per share	—	2,000,000		2,000,000
9% 1st mortgage payable in quarterly instalments to August 15, 1976 with the balance due on November 29, 1976	2,700	57,300		
	<u>\$ 158,026</u>	<u>\$6,472,566</u>	<u>\$ 182,737</u>	<u>\$6,010,744</u>

Note : \$1,500,000 of the 7% term loan has been secured by a pledge of book debts.

7. DEFERRED GAIN ON SALE AND LEASEBACK

During 1970 certain properties having a net book value of \$1,151,460 were sold for a consideration of \$1,308,000 and leased back for a twenty-five year period at an annual rental of \$141,861. The resulting gain on sale of \$143,410 (net of all costs) is being amortized over the life of the lease.

8. CAPITAL STOCK

During the year 8,333 preferred shares were redeemed for a cash consideration of \$71,664 and warrants and options were exercised on 3,540 common shares for cash consideration of \$14,200.

At December 31, 1971 there were outstanding 23,500 options to purchase common shares (including 9,500 to Directors and Officers) at prices ranging between \$7.65 and \$9.00 per share. These options expire in 1977 and 1978.

At December 31, 1971 133,333 common shares were subject to issuance under the conversion rights attaching to the 9½% convertible debenture Series "A" (note 6) and 76,400 common share purchase warrants were outstanding. The warrants expire December 31, 1975 and may be exercised at a price of \$5.00 per share, which price is subject to adjustment.

9. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(a) Indal Canada Limited has agreed to acquire, on request from the present minority shareholders of six subsidiaries, their shareholdings in those companies at prices based on the profits earned. At December 31, 1971 the minority shareholders would not be entitled to any payments for such shares.

(b) Unrecorded capital commitments in respect of the acquisition of additional fixed assets, including commitments made after the year end, amount to approximately \$1,175,000.

(c) In a cross claim in an action brought by a subsidiary to recover a deposit from a supplier, the subsidiary has been sued for loss of profits in an aggregate amount of approximately U.S. \$50,000. In the opinion of counsel there is no merit in any part of this cross claim.

10. EARNINGS BEFORE INCOME TAXES

(a) Earnings before income taxes are stated after charging :

	Twelve months ended December 31, 1971	Fourteen months ended December 31, 1970
Depreciation and amortization	\$1,222,505	\$1,341,800
Interest on deferred liabilities	508,733	430,390
Remuneration of directors and senior officers :		
(i) 11 directors whose aggregate remuneration as directors amounted to	5,000	5,000
(ii) 5 officers whose aggregate remuneration as officers amounted to	113,880	112,156
(iii) 3 officers are also directors of the company		
(iv) 1 director is an officer of Indal Western Ltd. and his aggregate remuneration as an officer of that company amounted to	46,205	36,146
(b) Minimum annual rentals payable under long-term lease contracts amount to \$697,838 (1970 \$544,530)		

11. INCOME TAXES

The income taxes based on the profits of the year are made up of :

	1971	1970
Income taxes payable for the year	\$1,096,153	\$ 795,369
Deferred income taxes	155,671	(341,604)
	<u>\$1,251,824</u>	<u>\$ 453,765</u>

12. DILUTION OF EARNINGS PER COMMON SHARE

Fully diluted earnings based on the exercise of all the share purchase warrants, the share options and the conversion of all the convertible debentures would be \$1 per share, assuming that the proceeds of share options and warrants would yield income equal to the interest rate on the convertible debentures.

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS

IN PRINCIPAL AREAS
OF THE WORLD

TELEPHONE 366-2551
120 ADELAIDE STREET WEST
TORONTO 110, CANADA

January 29, 1972

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Indal Canada Limited and subsidiary companies as at December 31, 1971 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

INDAL CANADA LIMITED

and Subsidiary Companies

A SUMMARY OF OPERATIONS SINCE INCORPORATION

	1971	1970 (14 months)	1969	1968	1967 (15 months)	1966	1965
Sales	38,132	31,065	26,077	20,760	19,812	11,434	7,315
Net earnings for period	1,163	473	834 ¹	783 ²	517	364	234
Indal Canada Limited preferred dividends	98	129 ⁴	109	114	149	79	—
Average number of common shares outstanding	955,673	951,046	917,127	826,537	618,403	562,712	550,000
Earnings per common share ³ (after preferred dividends)	\$ 1.12	\$ 0.37	\$ 0.79	\$ 0.81	\$ 0.60	\$ 0.51	\$ 0.43
Dividend per common share	\$ 0.20	\$ 0.25 ⁴	\$ 0.20	\$ 0.20	—	—	—
Common shareholders' equity	7,496	6,607	6,486	4,344	3,657	2,345	1,840
Book value per common share	\$ 7.84	\$ 6.94	\$ 6.84	\$ 5.22	\$ 4.43	\$ 3.97	\$ 3.35
Purchases of fixed assets	2,582	1,331	1,941	907	1,191	1,806	231
Cash generation	2,348	1,238	1,735	1,918	1,601	992	683

(1) Certain immaterial amounts have been reclassified in presenting the 1969 net earnings.

(2) Before crediting an extraordinary item of \$143,029 (equivalent to \$0.17 per common share).

(3) Earnings per common share have been calculated on the weighted average number of common shares outstanding during the year.

(4) Five quarterly dividends were paid during the fourteen month period.

INDAL CANADA LIMITED

OPERATING SUBSIDIARIES AND DIVISIONS

	<i>% of Equity Attributable to the Company</i>	
Aluminum prime windows	100	ALUMIPRIME DIVISION, Toronto H. Lazar, General Manager
Aluminum patio doors	70	BRAMPTON ALUMINUM PRODUCTS LIMITED, Brampton J. Halko, President
Aluminum store fronts, doors and entrances	100	COMMERCIAL ALUMINUM PRODUCTS LIMITED, Toronto G. B. Reading, President
Rollformed aluminum and steel sections	90	CUSTOM ROLLFORMING COMPANY LIMITED, Toronto H. M. Rich, President G. Berdan, General Manager
Aluminum railings, flagpoles, light standards, highway trusses, helicopter hangars and custom-engineered aluminum products	80	DOMINION ALUMINUM FABRICATING LIMITED, Toronto M. R. Maynard, President
Rollformed steel and aluminum industrial and agricultural roofing and siding	100	EASTLAND METALS LTD., Toronto C. H. Wilson, President
Aluminum grilles, awnings and hardware for doors and windows	100	FASHION GRILLES LIMITED, Toronto H. M. Rich, President
Aluminum windows and doors, trailer and mobile home products and ladders	100	INDAL PRODUCTS LIMITED, Toronto W. E. Stracey, President C. G. Clarke, Vice-President and General Manager – Trailer & Mobile Home Products I. R. Moore, Vice-President and General Manager – Windows, Doors and Ladders
Aluminum extrusions, anodizing and painting facilities	100	INDALEX LIMITED, Toronto, Montreal, Calgary, Port Coquitlam, B.C. J. D. Macklem, President W. J. MacDonald, General Manager – Toronto J. W. Grogan, General Manager – Montreal W. R. Hunter, General Manager – Calgary M. McNiven, General Manager – Port Coquitlam
Wooden and vinyl windows	60	McKNIGHT WINDOW INDUSTRIES LIMITED, Toronto J. N. McKnight, President
Vinyl extrusions	100	MISSISSAUGA ALUMINUM INDUSTRIES LIMITED, Toronto J. D. Macklem, President R. Campbell, General Manager
Folding doors, operable walls and partitions	75	RAM PARTITIONS LIMITED, Brampton R. A. Morden, President J. E. Faveri, Executive Vice-President
Commercial door closers	87½	WESDALE INDUSTRIES LIMITED, Toronto G. B. Reading, President
Aluminum prime windows, doors, trailer and mobile home doors, windows and accessories	50	WESTERN ALUMINUM PRODUCTS, Calgary, Edmonton, Saskatoon, Kelowna, Port Coquitlam R. Scolnick, General Manager
Rollformed steel and aluminum industrial, agricultural roofing and siding and rainwater goods	100	WESTLAND METALS DIVISION OF INDAL WESTERN LTD., Vancouver, Calgary R. B. Leeson, President E. Abercrombie, General Manager N. G. Gilliam, Alberta Branch Manager

NEW PRODUCTS

Operating subsidiaries and divisions of Indal Canada Limited are constantly developing new products to meet needs and utilize opportunities in their respective markets. Seven recent innovations are illustrated below.

1. Automatic door by Wesdale Industries Limited.

2. Ladder stabilizer by Lite Metals Division of Indal Products Limited.

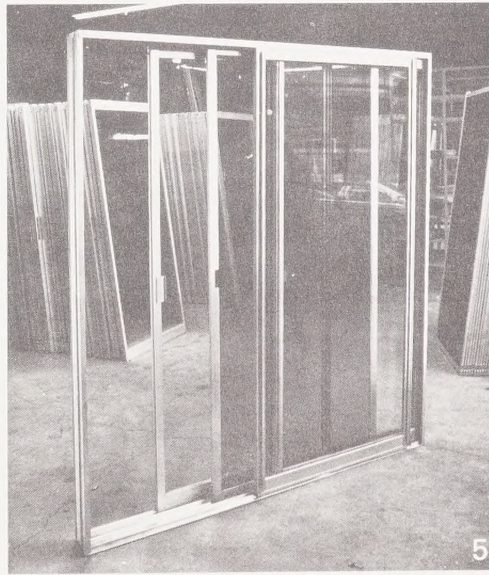
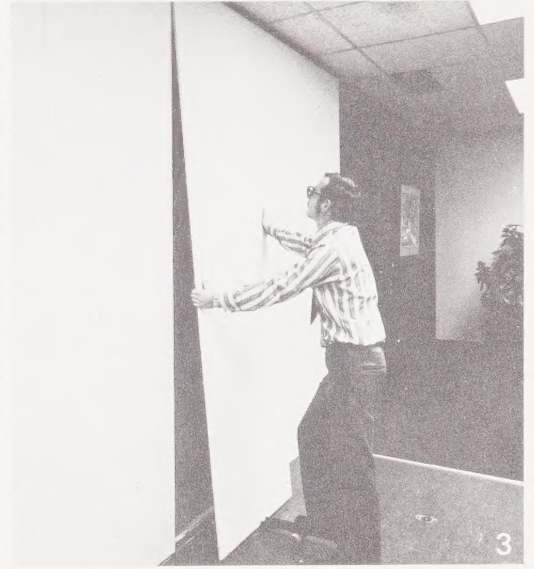
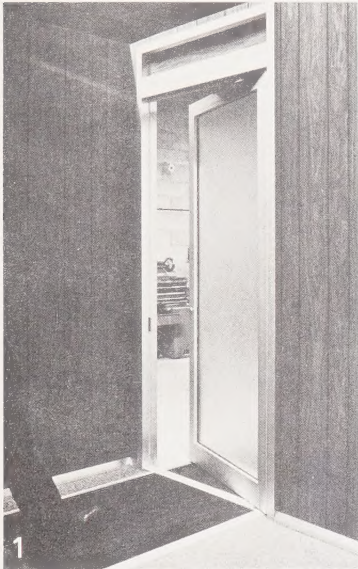
3. Demountable wall by RAM Partitions Limited.

4. Aluminum frame and support for automated electric sign by Dominion Aluminum Fabricating Limited.

5. Patio 'Dubbl-Dor' by Brampton Aluminum Products Limited.

6. Wooden bay windows by McKnight Window Industries Limited.

7. Prototype sound barrier by Dominion Aluminum Fabricating Limited.





INDAL Canada Limited

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the Six Months ended June 30, 1971

	Six months ended June 30, 1971	Six months ended June 30, 1970
(in thousands of dollars)		

SOURCES OF FUNDS

Net Earnings (Loss) – before Minority Interests	\$ 203	\$ (64)
Depreciation and Amortization	593	567
Increase in Short Term Bank Borrowing	1,919	1,314
Issue of Shares	14	10
Sales of Fixed Assets	1	1,309
	<u>\$2,730</u>	<u>\$3,136</u>

APPLICATIONS OF FUNDS

Purchase of Fixed Assets	\$ 840	\$ 535
Investments	497	1,365
Increase in Working Capital (excluding cash and short term bank advances)	879	2,346
Dividends – Preferred Shares	50	52
– Common Shares	96	95
Dividends to Minority Share- holders in Subsidiary Companies	13	5
Deferred Charges	164	92
Deferred Liabilities	87	(1,443)
Redemption of Preferred Shares	71	67
Other	33	22
	<u>\$2,730</u>	<u>\$3,136</u>

INDAL CANADA LIMITED OPERATING SUBSIDIARIES AND DIVISIONS

ALUMIPRIME DIVISION, Toronto

BRAMPTON ALUMINUM
PRODUCTS LIMITED, Brampton

COMMERCIAL ALUMINUM
PRODUCTS LIMITED, Toronto

CUSTOM ROLLFORMING
COMPANY LIMITED, Toronto

DOMINION ALUMINUM
FABRICATING LIMITED, Toronto

EASTLAND METALS LTD., Toronto

FASHION GRILLES LIMITED, Toronto

INDAL PRODUCTS LIMITED
REBMEC DIVISION, Toronto
TRAILWIND DIVISION, Toronto
LITE METALS DIVISION, Mississauga

INDAL WESTERN LTD.
HIALCO MFG. DIVISION, Port Coquitlam, B.C.
WESTLAND METALS DIVISION,
Vancouver, Calgary

INDALEX LIMITED, Toronto, Montreal, Calgary,
Port Coquitlam, B.C.

McKNIGHT WINDOW INDUSTRIES
LIMITED, Toronto

MISSISSAUGA ALUMINUM INDUSTRIES
LIMITED, Toronto

RAM PARTITIONS LIMITED, Brampton

WESTERN ALUMINUM PRODUCTS,
Calgary, Edmonton, Saskatoon

INDAL CANADA LIMITED

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report

CONSOLIDATED STATEMENT OF EARNINGS

for the Six Months ended
June 30, 1971





INDAL CANADA LIMITED and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS

for the Six Months ended June 30, 1971

The upturn in business activity referred to in our report covering first quarter operations continued through the second quarter at an accelerating level. The earnings for the six months to June 30th, 1971 of \$198,560 (15.6c. per share) compares with a loss of \$69,461 (12.8c. per share) for the equivalent period of 1970.

These results are very encouraging particularly when it is considered that the peak trading months for the majority of your Group companies occur during the second half of the year. We have a substantial backlog of business on hand and the level of trading in July gives every indication it will be another most satisfactory month.

We believe that, barring any unforeseen downturn in the Canadian economy generally, or labour problems in the construction industry that are beyond the scope of our control, the confidence expressed in our first quarter report remains well-founded.

During the quarter your company purchased a further 40% interest in Custom Rollforming Company Limited, acquired a 60% interest in McKnight Window Industries Limited and a 70% interest in Brampton Aluminum Products Limited.

W. E. STRACEY
President

Toronto, Ontario
August 13, 1971

	Six months ended June 30, 1971	Six months ended June 30, 1970
Sales	\$15,203,523	\$10,948,269
Cost of Sales	12,190,181	8,938,784
GROSS PROFIT	3,013,342	2,009,485
Expenses	2,775,789	2,357,255
Selling and Distribution	1,216,584	938,628
Administration	1,190,417	1,076,065
Financial	368,788	342,562
	237,553	(347,770)
Other Income less Expenses	15,740	85,273
	253,293	(262,497)
Income from Partnership	154,247	108,965
EARNINGS (LOSS) BEFORE TAXATION	407,540	(153,532)
Taxation	204,312	(89,630)
EARNINGS (LOSS) AFTER TAXATION AND BEFORE MINORITY SHAREHOLDERS' INTEREST	203,228	(63,902)
Minority Shareholders' Interest	4,668	5,559
NET EARNINGS (LOSS) FOR THE SIX MONTHS	\$ 198,560	\$ (69,461)
Preferred Dividends	\$ 50,000	\$ 52,500
Average Number of Common Shares Outstanding	955,358	950,311
Earnings (Loss) per Common Share	15.6c.	(12.8c.)

NOTES: (1) The results are unaudited.

(2) The exercise of the outstanding common share warrants and options and the conversion into common shares of the \$2,000,000 convertible debentures would not result in significant dilution.